

RECEIVED

MAR 01 2006

FORM 42-1761
01/03Water Supply Bank No. _____
Water Right No. _____ Department of Water Resources

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
**APPLICATION TO SELL OR LEASE A WATER RIGHT TO
THE WATER SUPPLY BANK**

Name of Seller/Lessor Knudsen Poor Farms, Inc. Phone 208-226-5000

Post office address 1 Poor Lane, American Falls, Idaho 83211

1. DESCRIPTION OF WATER RIGHT:

Right evidenced by:

- a. Decree no. 35-2391 & 35-7777 Decreed to Knudsen Poor Farms, Inc.
in case of In Re SRBA vs.
dated January 31 in 2002 county of Twin Falls
- b. License No. issued by the Idaho Department of Water Resources.
- c. Permit No. issued by the Idaho Department of Water Resources.

2 DESCRIPTION OF PORTION OF WATER RIGHT FOR SALE OR LEASE (If the entire right is for sale or lease, show "all" on line a below and skip the remainder of part 2.)

- a. Amount of water under right: All cubic feet per second &/or All acre-feet per annum
- b. Point of diversion $\frac{1}{4}$ of $\frac{1}{4}$ of section township range
, B.M. in county.

Additional points

- c. Place of Use

TWP	RGE	SEC	NE				NW				SW				SE				TOTALS
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show the number of acres for the part of the right to be put into the bank.

Total Number of Acres All

3. ADDITIONAL INFORMATION ABOUT RIGHT, OR PORTION THEREOF, FOR SALE OR LEASE
- a. Explain how the seller/lessor acquired the right, or portion thereof, and attach a copy of the deed to the land to which it is appurtenant or other evidence of ownership of the right. If the right is not recorded in the name of the seller/lessor, attach a copy of a change of ownership form as required to Section 42-248 or 42-1409(6) Idaho Code, together with required documentation.
See attached warranty deed and CRP documentation.
- b. Describe the frequency of water use under the right, or portion thereof, during the past five (5) years of use. Attach watermaster records, pumping power bills, or other evidence to demonstrate that the right has not been lost through abandonment or forfeiture. (This information is not required if a partial decree has been issued on the right within the last 5 years).

- c. If the right is from a surface water source, describe the period of the year that water is typically available to satisfy the right

- d. Describe any other water rights with the same purpose and place of use as the right, or portion thereof, offered for lease. Will the present place of use continue to receive water from any source? If so, describe.

- e. If the water right is a permit, describe the work accomplished toward developing the right.

- f. If the right to the use of the water or the use of the diversion works or irrigation system is represented by shares of stock in a company or corporation, or if such works or system is owned or managed by an irrigation district, a written consent of the sale or lease must be attached.

4. REMARKS:

5. SALE/LEASE AGREEMENT

1. The water right, or portion thereof, described above is offered to the Idaho Water Resource Board:

☐ For sale

☒ For lease for a period from 2006 to indefinite

(The lease period may be shown as "indefinite", if the total duration of lease is unknown) or

☐ As a gift to the state of Idaho

2. Show the minimum payment acceptable to the Seller/Lessor. Include the method of determining the minimum payment. The minimum payment may be shown as the "current rental rate".

Current rental rate.

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities to offer this right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank,
2. While a right is in the bank, the owner of the right may not use the right even if the right is not rented.

3. A right accepted into the bank stays in the bank until the Board releases it or until the lease term expires.
4. While a water right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.

27 Feb 2006
Date

[Signature]
Signature

FOR DEPARTMENT USE ONLY

Received by _____ Date _____ Preliminary check by _____

Watermaster recommendation requested on _____ Received _____

Recommended for _____ approval _____ denial _____ by _____

378316

SPECIAL WARRANTY DEED

The Grantor, Farm Credit Bank of Spokane, successor by merger to The Federal Land Bank of Spokane, a corporation, for and in consideration of good and valuable consideration in hand paid, transfers and conveys to KNUDSEN POOR FARMS, INC., a corporation, the Grantee, the following described real estate, situated in the County of Bingham, State of Idaho:

GREEN, SERVICE
GASSER & KERL
ATTORNEYS AT LAW
P.O. BOX 4883
POCATELLO, IDAHO
83205-4883
(208) 232-4471

Township 1 South, Range 33 East Boise
Meridian:

Section 27: S $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 28: S $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$

The Grantor warrants against encumbrances suffered or created by the Grantor, free and clear of encumbrances except all taxes, assessments, and charges to be paid by the Grantee.

Grantor hereby expressly grants and conveys unto Grantee, their successors and assigns forever, all water rights, oil, gas, hydrocarbons, coal or other minerals of whatsoever nature lying in or under the above described lands and all royalty interests as to oil, gas, and other minerals produced and saved therefrom which have not been previously reserved and which may be or upon said lands above described or any part thereof.

DATED This 15th day of February, 1989.

FARM CREDIT BANK OF SPOKANE

GREEN, SERVICE,
GASSER & NEHL
ATTORNEYS AT LAW
P.O. BOX 4883
POCATELLO, IDAHO
83206-4883
(208) 232-4471

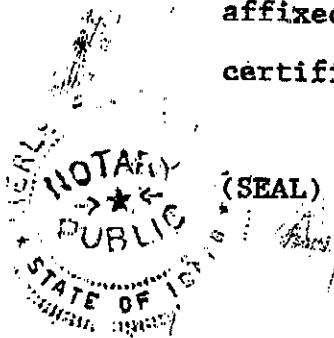
By *Harry B. Gambles*
Title: Authorized Representative

ATTEST:

STATE OF IDAHO)
County of Bingham) ss

On this 15th day of February, 1989, before me, the undersigned Notary Public in and for said county and state, personally appeared HARRY B. GAMBLES, known or identified to me to be the authorized representative of the corporation that executed the foregoing instrument, and acknowledged to me that he executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Michael E. Jackson
NOTARY PUBLIC for Idaho
Residing at: Blackfoot
Commission Expires: 4-15-91

378316

RECORDED BY CLERK
CLERK, IDAHO
60 32 82

1989 FEB 16 PM 1:22

RECORDED AT THE REQUEST OF

SPECIAL WARRANTY DEED
PAGE 2
2/6/038/11

FEB-27-2006 12:50 FROM:POWL CD SERVICE CEN 208-226-3122

10:12083974343

P11/1

This form is available electronically.

CRP-1 (08-20-04)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. ST. & CO. CODE & ADMIN. LOCATION 16077	2. SIGN-UP NUMBER 29
CONSERVATION RESERVE PROGRAM CONTRACT				3. CONTRACT NUMBER 8971	4. ACRES FOR ENROLLMENT 271.9
NOTE: The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection estimated to average 4 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.				5. FARM NUMBER 0002379	6. TRACT NUMBER(S) 0002384
7. COUNTY OFFICE ADDRESS (Include Zip Code): POWER COUNTY FARM SERVICE AGENCY 2709 FAIRGROUNDS RD AMERICAN FALLS, ID 83211-3418				8. OFFER (Select one) GENERAL ☒ ENVIRONMENTAL PRIORITY ☐	9. CONTRACT PERIOD FROM: (MM-DD-YYYY) 10-01-2005 TO: (MM-DD-YYYY) 09-30-2015
TELEPHONE NUMBER (Include Area Code):					

THIS CONTRACT is entered into between the Commodity Credit Corporation (referred to as "CCC") and the undersigned owners, operators, or tenants (who may be referred to as "the Participant"). The Participant agrees to place the designated acreage into the Conservation Reserve Program ("CRP") or other use as directed by CCC for the stipulated contract period from the date the contract is executed by the CCC. The Participant also agrees to implement on such designated acreage the Conservation Plan developed for such acreage and approved by the CCC and the Participant. Additionally, the Participant and CCC agree to comply with terms and conditions contained in this Contract, including the Appendix to this Contract, entitled Appendix to CRP-1, Conservation Reserve Program Contract (referred to as "Appendix"). By signing below, the Participant acknowledges that a copy of the Appendix for the applicable sign-up period has been provided to such person. Such person also agrees to pay each liquidated damages in an amount specified in the Appendix if the Participant withdraws prior to CCC acceptance or rejection.

The terms and conditions of this contract are contained in this Form CRP-1 and in the CRP-1 Appendix and any addendum thereto. BY SIGNING THIS CONTRACT PRODUCERS ACKNOWLEDGE RECEIPT OF THE FOLLOWING FORMS: CRP-1, CRP-1 Appendix and any addendum thereto, CRP-2 or CRP-2C, if applicable; and, if applicable, CRP-13.

10A. Rental Rate Per Acre	\$34.00	11. Identification of CRP Land				
B. Annual Contract Payment	\$9245	A. Tract No.	B. Field No.	C. Practice No.	D. Acres	E. Total Estimated Cost-Share
C. First Year Payment		0002384	0001	CP4D	153.0	\$2754.00
(Item 10C applicable only to continuous sign-up when the first year payment is prorated.)		0002384	0002	CP4D	118.9	\$2140.00

12. PARTICIPANTS		
A(1). PARTICIPANT'S NAME AND ADDRESS (Zip Code): KNUDSEN POOR FARMS INC 2709 W 2100 S ABERDEEN, ID 83210-1925	(2) SHARE 100.00%	(3) SOCIAL SECURITY NUMBER: 1659 (4) SIGNATURE <i>[Signature]</i> DATE (MM-DD-YYYY) 22 Sept 2005
B(1). PARTICIPANT'S NAME AND ADDRESS (Zip Code): N/A	(2) SHARE %	(3) SOCIAL SECURITY NUMBER: NA (4) SIGNATURE DATE (MM-DD-YYYY)
C(1). PARTICIPANT'S NAME AND ADDRESS (Zip Code): N/A	(2) SHARE %	(3) SOCIAL SECURITY NUMBER: NA (4) SIGNATURE DATE (MM-DD-YYYY)

13. CCC USE ONLY - Payments according to the shares are approved	A. SIGNATURE OF CCC REPRESENTATIVE <i>[Signature]</i>	B. DATE (MM-DD-YYYY) 9-8-05
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NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Food Security Act of 1985, (Pub. L. 99-198), as amended and the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) and regulations promulgated at 7 CFR Part 1410 and the Internal Revenue Code (26 USC 6109). The information requested is necessary for CCC to consider and process the offer to enter into a Conservation Reserve Program contract, to assist in determining eligibility and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in determination of ineligibility for certain program benefits and other financial assistance administered by USDA agency. This information may be provided to other agencies, IRB, Department of Justice, or other State and Federal Law Enforcement agencies, and in response to a court judgment or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 681, 1001; 16 USC 714m; and 31 USC 3729, may be applicable to the information provided.

RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, sexual orientation, and marital and family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audio tape etc.) should contact USDA's TARGET Center at (800) 735-3282 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 286-W, 1400 Independence Avenue, SW, Washington, DC 20250-6415 or call (202) 725-2954 (voice or TDD). USDA is an equal opportunity provider and employer.

☐ Original - County Office Copy☐ Owner's Copy☐ Operator's Copy